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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Securities Act of Washington by:

AUCTION NETWORK, LLP; AUCTION  
MANAGEMENT LTD.; RUSSELL W. QUICK;  
BILL PORTER; their agents and employees,  
  
Respondents.

SDO - 114 - 00

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL ORDER  
TO CEASE AND DESIST AS TO AUCTION  
NETWORK, LLP AND AUCTION MANAGEMENT  
LTD.

Case No. 00-06-0251

THE STATE OF WASHINGTON TO: Auction Management Ltd.  
Auction Network, LLP

On September 29, 2000, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist SDO-97-00 hereinafter referred to as "Summary Order."

The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing (hereinafter referred to as "Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing (hereinafter referred to as "Application for Hearing") thereon, were served via certified mail on Respondents Auction Network, LLP and Auction Management LTD on October 16, 2000. The Notice of Opportunity for Hearing advised Respondents that they had twenty days from the date they received the notice to file a written application for an administrative hearing on the Summary Order.

Respondents failed to request an administrative hearing within twenty days of its receipt of the Summary Order and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise.

The Securities Administrator therefore adopts as final the findings of fact and conclusions of law as set forth in the Summary Order as to Auction Network, LLP and Auction Management LTD.

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW  
AND FINAL ORDER TO CEASE AND DESIST AS TO AUCTION  
NETWORK, LLP AND AUCTION MANAGEMENT LTD.

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**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

The Securities Administrator makes the following findings of fact and conclusions of law:

## FINDINGS OF FACT

### I. Respondents

1.1 **AUCTION NETWORK LLP** (“Auction Network”) is a Washington limited liability partnership with a business address at Box 642, Charlestown, Nevis, West Indies. Auction Network purportedly intends on financing and developing an internet auction site gateway web page for the purposes of online consumer auctioning.

1.2 **AUCTION MANAGEMENT LTD.** (“Auction Management”) is a Nevis, West Indies corporation and professional auction site management company. Auction Management is purportedly the Auction Site Manager for Auction Network, and assists in obtaining financing for that company. Auction Management has business addresses at Box 642, Charlestown, Nevis, West Indies and 4933 W. Craig, Suite 163, Las Vegas, NV.

1.3 **RUSSELL W. QUICK** (“Quick”) was purportedly the president of Auction Management and the managing partner of Auction Network at all times relevant to the matters set forth herein.

1.4 **BILL PORTER** (“Porter”) represented himself as a sales agent for Auction Management and Auction Network at all times relevant to the matters set forth herein.

### II. Nature of the Offering

2.1 In approximately March of 2000, Respondents acting in concert, on behalf of one another, and acting through their agent Bill Porter, solicited at least one Washington resident to invest in limited liability partnership (“LLP”) units of Auction Network. Porter made oral representations to the resident over the telephone that Auction Network was planning on doing an initial public offering on the NASDAQ stock market in September of 2000, and that it was a “no lose” investment.

1 2.2 In offering literature mailed to the resident by Respondents, it is represented that Auction Network is making a  
2 \$1,000,000 offering of 200 LLP units for \$5,000 per unit. The literature also describes an investor's projected  
3 return on investment. For every \$100,000 invested, the estimated return is listed as \$418,150, or 418.5%.

4 2.3 In connection with this investment offering, at least one Washington resident invested in Auction Network  
5 by entering into a subscription agreement with Auction Network and purchasing LLP units. In March of 2000, the  
6 Washington resident invested \$40,000 in Auction Network to acquire 8 LLP units.

7 2.4 Respondents subsequently mailed the Washington resident two certificates of ownership. These certificates  
8 evidence the resident's ownership of the Auction Network LLP units. The resident also received a letter in the  
9 mail, signed by Russell W. Quick, whereby Quick acknowledges the receipt of the resident's investment funds and  
10 subscription agreement.

11 2.5 Through at least July of 2000, Bill Porter, acting in concert and on behalf of the other Respondents, continued  
12 to offer LLP units in Auction Network to at least one Washington resident over the telephone.

### 13 **III. Misrepresentations and Omissions**

14 Respondents failed to provide the offeree with a disclosure document containing complete material  
15 information about the investment opportunity described above, including but not limited to financial statements of  
16 Auction Network and Auction Management.

### 17 **IV. Registration Status**

18 Auction Network and Auction Management are not currently registered to sell its securities in the state of  
19 Washington and have not previously been so registered.

20 Bill Porter is not currently registered as a securities salesperson or broker-dealer in the state of Washington  
21 and has not previously been so registered.

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**VI. Lack of Compliance with the Administrator's Investigation**

The Securities Administrator lawfully issued Subpoena Duces Tecum, SDS-143-00, which was served via certified mail on Respondent Auction Management on July 31, 2000. SDS-143-00 advised Auction Management that it had until August 16, 2000 to respond. As of the date this order was entered, Auction Management has failed to respond to this subpoena.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

**CONCLUSIONS OF LAW**

**I. Securities**

The offer and/or sale of the investment with described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: evidence of indebtedness; certificates of interest; an investment contract; or risk capital.

**II. Anti-Fraud Provision**

The offer of said securities was made in violation of RCW 21.20.010 because, as set forth in paragraph III of the Tentative Findings of Fact, Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

**III. Registration of Securities**

The offer of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or sale is on file with the Securities Administrator of the state of Washington.

**IV. Registration of Broker-Dealer and Salespersons**

Respondent Bill Porter has violated RCW 21.20.040 by offering said securities while not being registered as a securities salesperson, broker-dealer, or investment adviser in the state of Washington.

**ORDER**

Based upon the above Findings of Fact and Conclusions of Law, it is hereby:

ORDERED that Respondents Auction Network, LLP, Auction Management LTD, and their agents and employees, each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

It is further ORDERED that Respondents Auction Network, LLP, Auction Management LTD, and their agents and employees, each cease and desist from violating RCW 21.20.140 by offering and/or selling unregistered securities.

This Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of Chapter 34.05 RCW.

**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

DATED this 13th day of December, 2000.



DEBORAH R. BORTNER  
Securities Administrator

Approved by:

Presented by:

\_\_\_\_\_  
Michael E. Stevenson  
Chief of Compliance

\_\_\_\_\_  
Chad Standifer  
Staff Attorney